

A young girl with dark hair tied in a bun with a headband is lying in a field of tall grass and white, fluffy flowers. She is smiling and holding a purple bowl filled with orange beads. The background shows a blue sky with wispy white clouds.

Alaska Stories

2018 Annual Report

Our Mission

Provide Alaskans Access To Safe, Quality, Affordable Housing

Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities statewide. AHFC provides statewide financing for multi-family complexes and single-family homes, with loan options for low- to moderate-income borrowers, veterans, teachers, nurses, public safety officers and those living in rural areas of the state. AHFC also provides energy and weatherization programs, low-income rental assistance in 17 communities, and programs for the homeless and those seeking to become self-sufficient. Since 1986, AHFC has contributed more than \$2 billion to Alaska's state budget through cash transfers, capital projects and debt-service payments. As of the end of FY18, AHFC assets totaled \$3.9 billion.

Table of Contents

Homeownership	06
Community Development	12
Community Support	17
Housing the Homeless	24
Energy & Research	28
The Bottom Line	37

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Letter to the Governor

The Honorable Michael J. Dunleavy
Governor, State of Alaska

The Honorable Kevin Meyer
Lieutenant Governor, State of Alaska

Dear Governor Dunleavy and Lieutenant Governor Meyer:

Alaska Housing Finance Corporation's Annual Report for FY18 shares stories about the performance of the corporation. Those stories offer insight about how we work with our Alaskan partners, in private and non-profit sectors. Together we serve and support Alaskans from all walks of life whether they're homebuyers, senior citizens, people with disabilities, homeless, residents of public housing or victims of trauma.

Another story? It's that of our financial success.

The State of Alaska initially capitalized AHFC with \$1 billion. We're pleased to report that total dividends calculated to date now exceed \$2 billion. The initial investment has been paid back, plus some.

While we work to fulfill our mission of access to safe, quality and affordable housing, details of our performance last fiscal year include:

- A \$39 million dividend, up more than \$10 million compared to FY17. Since FY13 the dividend has shown a steady increase from \$7.4 million to the \$39 million in FY18.
- Operating income increased substantially, reaching \$33.6 million in FY18 compared to \$14.3 million in FY17.
- The value of our mortgage portfolio rose 7.4 percent to \$3.1 billion while the percentage of bonds in the portfolio increased 8.9 percent to \$2.2 billion.
- The delinquency and foreclosure rates continue to stay well below the national average.
- Active management of our bond portfolio has resulted in savings of \$11.8 million in FY18, and \$52 million total over the last three years.
- We issued \$463.4 million in taxable and tax-exempt bonds during FY18, the highest amount in recent years.
- The national rating agencies continued their assessment of AHFC as one of the strongest housing finance agencies in the country.

This last year has given us reason for having a positive outlook on FY19 and we look forward to working with you to serve Alaskans and the state with enthusiasm and energy while moving toward our 50th year serving Alaskans in 2021.



Bryan D. Butcher
CEO/Executive Director



Brent LeValley
Chair

Board of Directors & CEO



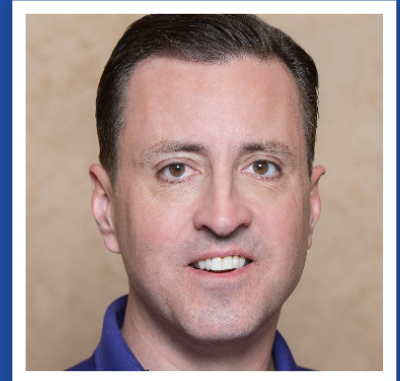
Brent LeValley

Board Chair



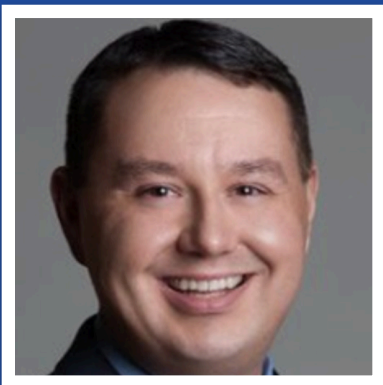
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Housing Authority*



Haven Harris

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*Commissioner, Department of Commerce,
Community & Economic Development*



Bryan Butcher

*CEO & Executive Director
Alaska Housing Finance Corporation*

Homeownership



Mortgage department purchases 1,922 home loans

AHFC's mortgage department purchased 1,922 home loans in FY18, an increase of close to 500 loans compared to FY17. The following charts show which products were most popular in FY17 and FY18.

Loan Purchase Activity				
	Loans in FY17	Loans in FY18	Total Purchased FY17	Total Purchased FY18
Taxable	476	539	\$143,926,003	\$166,915,533
Tax-Exempt First Time Homebuyer	380	584	\$73,034,864	\$115,273,019
Taxable First Time Homebuyer	230	346	\$62,372,968	\$93,977,887
Rural	211	228	\$52,476,963	\$54,494,346
Multi-Family / Special Needs	37	38	\$106,497,060*	\$54,540,350
Veterans	19	103	\$6,438,712	\$34,921,521
Non-Conforming	42	57	\$14,258,494	\$15,445,495
Other	51	27	\$15,911,828	\$7,721,645
	1,446	1,922	\$474,916,892	\$543,289,800

* Includes a \$46 million loan for military housing at Fort Wainwright.



Value of mortgage portfolio surges past \$3 billion

AHFC's portfolio includes **15,362** loans and is valued at **\$3.18 billion**, up from **\$2.96 billion** in FY17.

At fiscal year end, 3.41 percent of mortgages were 30-days or more past due, compared to 3.87 percent in FY17. **This is well below the national average of 4.36 percent (Mortgage Bankers Association)** as reported on 30-day delinquencies.

AHFC's FY18 foreclosure rate of 0.35 percent is also significantly lower than the national average of 0.5 percent (CoreLogic).

Well-defined underwriting standards, extensive homebuyer education and customer-oriented servicing **have made it possible to keep Alaskan's delinquencies at historic lows.**

AHFC offers loans for Alaskans across the state and to meet their needs. Federal law gives only AHFC the authority to offer certain loans, and AHFC relies on local banks and credit unions to offer its products to prospective Alaskan homebuyers.

Total Mortgage Portfolio

	Loans in FY17	Loans in FY18	Total Value of Loans Purchased FY17	Total Value of Loans Purchased FY18
Taxable	3,074	3,281	\$730,467,989	\$806,853,825
Tax-Exempt First Time Homebuyer	5,452	5,498	\$695,647,558	\$726,399,085
Taxable First Time Homebuyer	2,076	2,256	\$427,957,671	\$477,521,439
Rural	2,788	2,701	\$431,760,370	\$429,497,953
Multi-Family / Special Needs	440	457	\$425,514,523	\$468,157,669
Veterans	517	548	\$98,877,556	\$116,862,681
Non-Conforming	214	256	\$61,106,631	\$70,330,118
Other/Unconv/ Real Estate Owned	374	365	\$88,391,509	\$82,983,823
	14,935	15,362	\$2,959,723,808	\$3,178,606,593



Renovation Loans by Year

FY14 - \$4,421,997



FY15 - \$12,833,213



FY16 - \$20,638,707



FY17 - \$14,277,707



FY18 - \$23,500,000



Renovation loans reach an all-time high

Alaska's housing stock is aging. The 2018 Housing Assessment estimates that **51 percent of all housing units were built in the oil pipeline boom days of the 1970s and '80s**. No fewer than 19 percent of existing housing was built before 1970.

To answer the need for repair, upgrades, energy efficiency measures and cosmetic rehabilitation, AHFC offers three renovation options: *Purchase Renovation*, *Second Mortgage for Renovation* and *Refinance Renovation*. These generated \$23.5 million divided between 93 loans, an increase of \$8.6 million (65 loans) over FY17.

BEFORE...



AFTER.



Brian's road to homeownership via HomeChoice™



Millennials and first-time homebuyers make up half of AHFC's more than 15,000 mortgages. Brian Remley from Wasilla is one of them.

The 34-year-old bought his first home in 2018 after taking Alaska Housing's HomeChoice™ class. As a first-time homebuyer, Brian wanted as much information as possible.

Brian heard about Alaska Housing's homebuyer education through a friend who had taken the HomeChoice™ class and strongly encouraged he do the same.

The free course is designed to educate prospective buyers about steps and decision-making processes involved in purchasing a home.

"I was nervous, and I wanted insider knowledge of what to look for, things to pay attention to and types of questions I should be asking when looking for the right home," Brian said.

Brian says HomeChoice™ is a great first step for all first-time homebuyers. He was able to ask questions and hear other people's which he says included things he might not know or think to ask.

"The class setting is great. Everyone is learning together and has a different mindset of what the process will be like, which makes for better discussion and questions. It's extremely valuable."

HomeChoice™ at home gains in popularity

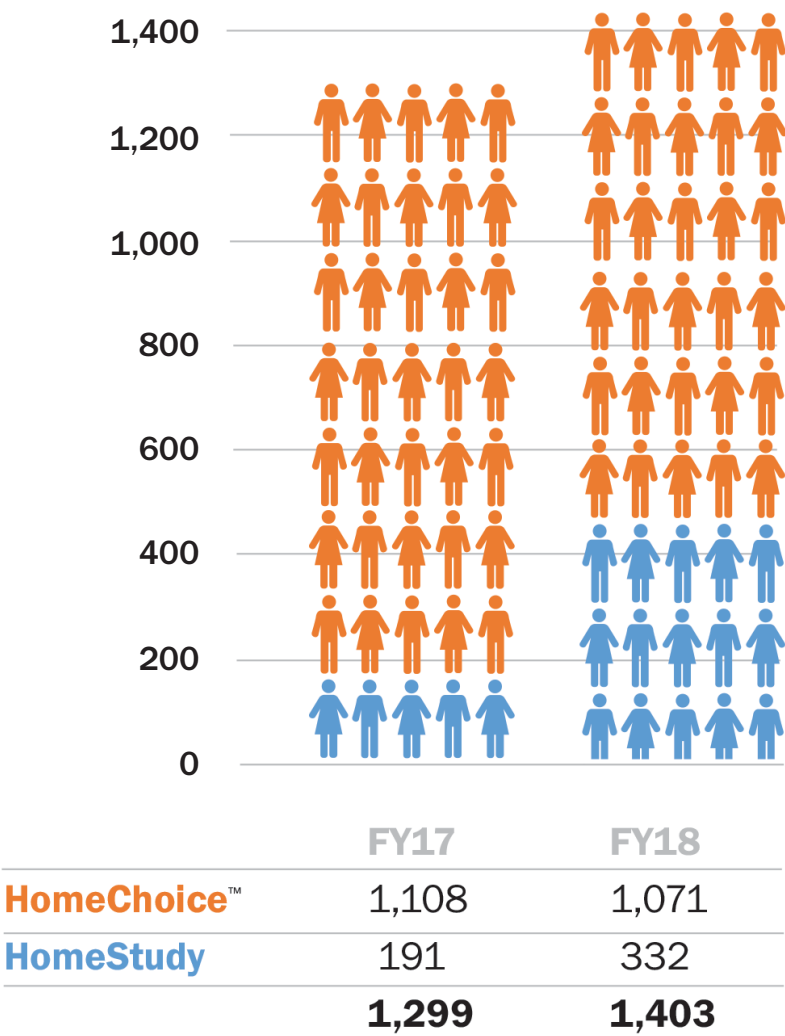
Not all potential homebuyers have the time or the ability to attend HomeChoice™ in person. Since 2015 they have had an online alternative, a home study version of HomeChoice™.

To verify completion participants are required to take an online test. In FY18, 332 persons opted to take the class at home, which is more than triple the number of participants during the inaugural year.

The majority of Alaskans still choose the regular HomeChoice™ class which had 1,071 participants in FY18 spread over 49 classes in six communities Anchorage, Fairbanks, Juneau, Kenai, Mat-Su Valley and Utqiagvik.

Benefits of HomeChoice™ include more informed buyers and certifications that may result in better budgeting, more competitive products or pricing for borrowers. There is also evidence that borrowers choose homes they can actually afford (versus those they want to be able to afford).

HomeChoice™ & HomeStudy Class Participants



Community Development



Affordable housing boosted by tax credits



Greater Opportunities for Affordable Living program provides grants, federal tax credits and zero-interest loans to project sponsors who build or renovate affordable rental and supportive housing for low-income senior families and those with disabilities, as well as rental housing that helps to reduce homelessness.

The program awarded more than \$34 million in FY18, making it possible for 160 affordable units to be developed and upgraded across Alaska. More than

30 percent of units are dedicated for homeless and/or Alaskans with disabilities.

Below is a summary of projects funded, including a mixed-use property that combines residential and commercial space

Impact to Alaska's economy is an estimated \$44 million. Since the early 1990s the Greater Opportunities for Affordable Living program has funded over 5,300 rental units across the state.

<u>KODIAK</u>	<i>Spruce Cape</i> is a new construction development with 30 mixed-income rental units for families. This townhome-style property features solar energy to supplement its utility load.
<u>PALMER</u>	<i>Whispering Winds</i> brings 42 new mixed-income rental opportunities to seniors in Palmer. This facility will utilize solar energy.
<u>ANCHORAGE</u>	<i>Elizabeth Place</i> will add 50 mixed-income units in downtown Anchorage. The multi-use building features residential and commercial space.
<u>HAINES</u>	<i>Dusty Trails</i> , with 26 units, will receive substantial renovation. Upgrades will preserve federal rental assistance for participating families through the USDA 515 Program.
<u>KENAI</u>	<i>Kenai Meadows</i> will deliver six new rental units for low-income seniors.
<u>HOMER</u>	<i>Crane Hill</i> adds six new rental units for low-income families to the available housing stock in the community.

New housing drives neighborhood makeover



The Spenard area in Anchorage is going through a **transformation** with Cook Inlet Housing Authority as a leading developer of affordable housing.

3600 Spenard on the corner of 36th Avenue and Spenard Road opened in FY18, **adding 33 one-bedroom apartments available to Alaskans of all income levels.** The ground floor is designated for commercial use.

3600 Spenard has amenities that include high speed wireless internet, in-unit washers, dryers, balconies or decks, secure bike storage and solar power.

In addition to this project's modern and interesting architectural flair, **it was designed to achieve a 6 Star BEES energy efficiency rating.**

The \$10.3 million development includes \$5.7 million in federal tax credits allocated by AHFC and \$50,000 from AHFC's Supplemental program.

Pretty town gets new teacher and tribal housing

The Village of Kasaan (“pretty town” in Tlingit) broke ground for new, affordable housing using funds awarded through AHFC’s Teacher, Health Professional, and Public Safety Housing grant at the end of FY18.

Located on Prince of Wales Island with a population of 50 in 2016, Kasaan will use \$372,500 awarded to replace a trailer that was severely damaged in a wind storm with a duplex intended to house teachers and tribal members.

AHFC and Rasmuson Foundation funded the grant that helps with the development of housing aiming to combat high turnover among rural teachers and vacant positions that are vital to public health and safety in communities across Alaska.

Three other communities, **Huslia**, **Hoonah** and **Tununak**, also received grants for new construction of 10 units. The total awarded through the grant program for FY18 was \$1.8 million.

Since 2004, AHFC and its partners have awarded a total of \$94 million in funding to generate **454 housing units for teachers, health and public safety professionals in 83 communities around the state**. The program has leveraged an additional \$48 million in matching funds from grantees for a total of \$142 million.



East Anchorage hot spot for affordable housing



Revitalization along Muldoon Road in east Anchorage continued in FY18 with RurAL CAP opening *Muldoon Garden*.

Muldoon Garden features 23 affordable one- and two-bedroom units in a three story building and includes solar-powered energy.

The total cost for *Muldoon Garden* is \$8.3 million with \$2.3 million coming from *Low Income Housing Tax Credits* and a \$650,000 loan from AHFC.

The balance of the financing is split between the Municipality of Anchorage, Wells Fargo and Rasmuson Foundation.

The development includes solar powered electricity and is designed to meet 6 Star BEES specifications.



Community Support

Rent reform continues to improve lives



In an effort to open up more affordable housing, be more efficient with federal funds and create a path to financial independence for more families and individuals, AHFC introduced rent reform in 2014.

The Step program is one part of rent reform and is geared toward families with at least one adult in the household who is able to work. **It promotes independence by offering several layers of incentives and targeted support for families.** Participants receive up to five years of subsidized housing.

The progress of the program and its participants is closely monitored. At the end of FY18 2,243 families were enrolled in Step.

Compared to 2014, the inception year, data show more families on the road to financial independence with outcomes including working and earning more.

FROM FY14 TO FY18...

- Annual gross income per household has increased from \$19,929 to \$29,817
- Annual earned income has gone up from \$11,997 to \$20,775
- People working full-time (32 hours or more per week) has increased from 40 to 56 percent
- People working at least part-time went from 54 to 71 percent
- Average monthly rental assistance payment has decreased by \$200
- Savings have been re-directed to add 100 vouchers for vulnerable families and individuals

A humble beginning for Samantha



AHFC's *Jumpstart* program supports families who wish to better their employment and financial opportunities and become financially independent.

The program had 787 individuals enrolled in 15 communities statewide at the end of FY18.

Samantha is one example of many who have experienced positive outcomes through the program.

She dropped out of high school in 10th grade and had kids young. **When her baby started preschool, the teacher told Samantha about AHFC's *Jumpstart* that is part of Step.** Samantha enrolled.

With the help of *Jumpstart* resources, goal planning and financial rewards, Samantha completed her high school education.

"Enrolling gave me the opportunity to let go of the negative influences in my life and move forward."

Samantha now works full-time, attends the University of Alaska Anchorage and plans to be a caseworker.

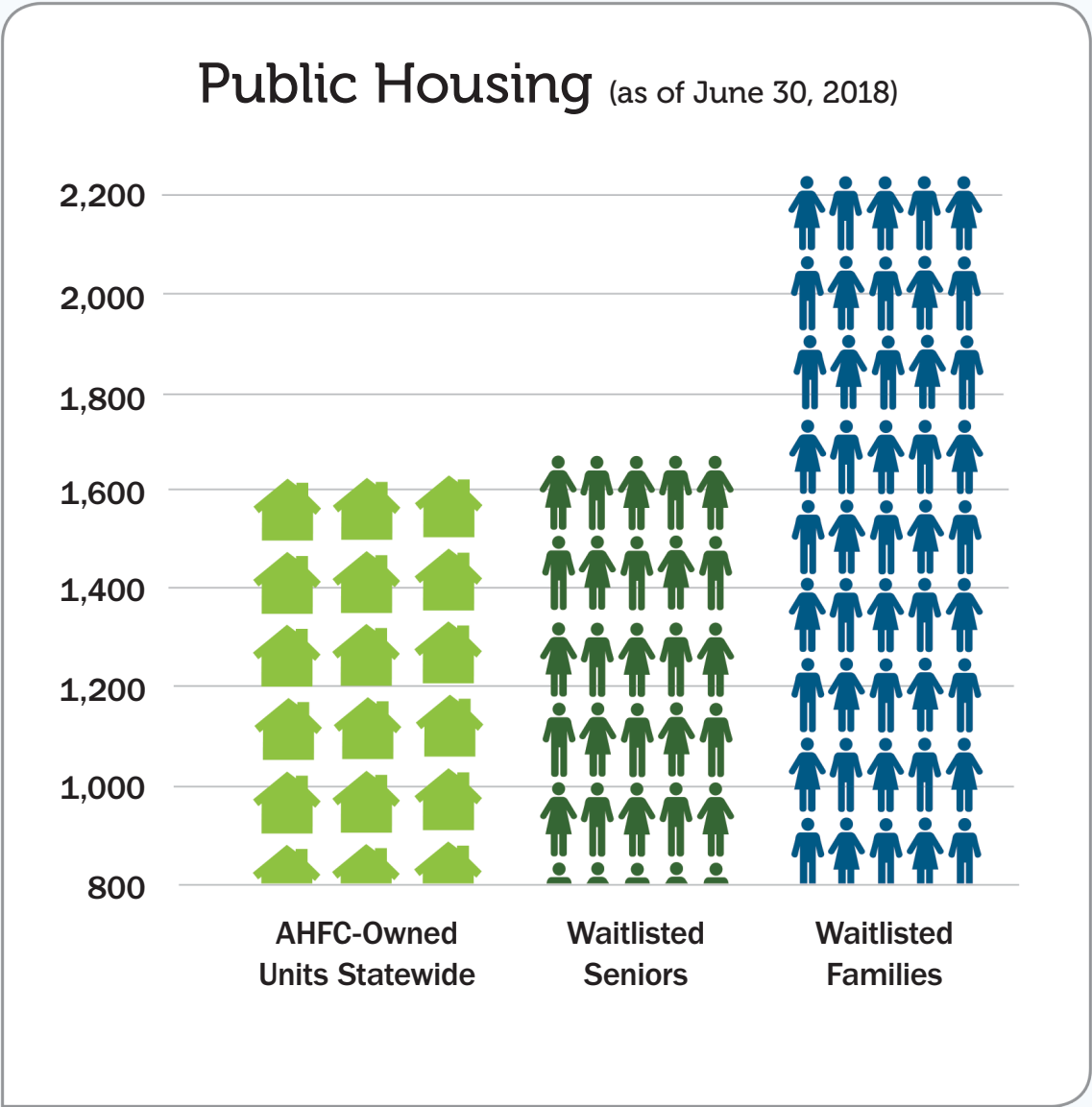
"I'm incredibly humbled to be where I'm at today. I have plans to purchase a home. My children are my everything, I want to be sure that they are set up to be independent."

"Sometimes, people see things in you that you don't see in yourself. My Caseworker Michael really pushed me to do better. He would always say, 'I believe in you. I have faith in you.'"

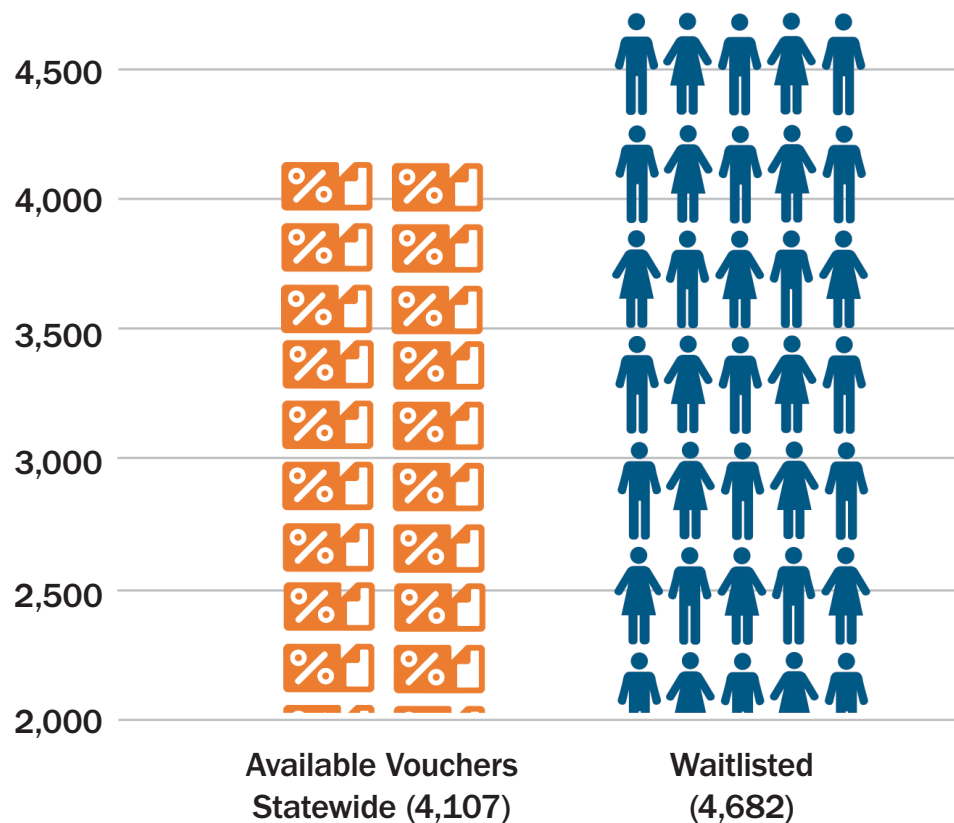
Public housing in high demand

The 1,612 public housing units across the state continued a high average lease-up rate, 98 percent, for FY18. This makes AHFC’s public housing some of the most efficient in the country according to U.S. Department of Housing and Urban Development.

The waitlist is at 3,857 — split between 2,225 family and 1,632 seniors seeking housing at locations including Anchorage, Bethel, Cordova, Fairbanks, Juneau, Ketchikan, Kodiak, Mat-Su, Nome, Seward, Sitka, Valdez and Wrangell.



Housing Choice Vouchers (as of June 30, 2018)



Vouchers program fully utilized

The *Housing Choice Voucher* program makes it possible for eligible low-income Alaskans to rent from private sector landlords. **More than 4,100 vouchers were available in 12 communities statewide in FY18 and on average, utilized 100 percent of the time.**

As of June 30, 2018 there were 4,107 available vouchers statewide.

The waitlist is at 4,692.

Locations served by this program include Anchorage, Fairbanks, Homer, Juneau, Ketchikan, Kodiak, Mat-Su, Petersburg, Sitka, Soldotna, Valdez and Wrangell.

Set aside vouchers serve critical needs



AHFC had 1,065 vouchers set aside to meet urgent and critical needs of vulnerable families and individuals in FY18. These vouchers are referral-based and AHFC works closely with various state and non-profit agencies to maximize utilization. Below is a list of referral-based vouchers.

- ***Empowering Choice*** for survivors of domestic violence, 185 vouchers.
- ***Moving Home*** serves Alaskans with disabilities, 150 vouchers.
- ***Veterans Affairs Supportive Housing*** for homeless veterans and their families, 286 vouchers.
- ***Returning Home*** for parolees re-entering society after incarceration, 96 vouchers.
- ***Sponsor-Based Rental Assistance*** for Housing First property Karluk Manor in Anchorage, 46 vouchers; Housing First property Forget-Me-Not Manor in Juneau, 32 vouchers; and Dena'ina House in Anchorage for homeless youth, 25 vouchers.
- ***Project-Based Vouchers*** supporting families, elderly and people with disabilities at Loussac Place, Ridgeline Terrace and Susitna Square in Anchorage, 141 vouchers. Main Tree Apartments in Homer for people with disabilities, 10 vouchers.
- ***Project Based Rental Assistance*** for individuals at the Adelaide Building in Anchorage, 70 vouchers.
- ***Making a Home*** supports youth aging out of foster care, 20 vouchers.

Quinn finds way to independence

Picking up keys for a new home is always cause for celebration. For Quinn, who signed the lease on her new apartment in FY18, keys are access to independence and choice. She is the first to receive housing through AHFC's *Section 811 Project Rental Assistance* program.

The program is a partnership between Alaska Housing and the Alaska Department of Health and Social Services who share a goal to provide housing to 200 Alaskans with disabilities. The Department of Health and Social Services has identified individuals in assisted living homes who no longer need high level care but lack resources to transition into supported housing.

In Quinn's case, she had a stroke in 2014. She spent several months in a wheelchair, regaining her ability to walk and recover other functions that were lost. **She spent three years in assisted living, unable to save enough money to move out.**

"I lived with a roommate who is diabetic and took my food so I couldn't have anything around that she would eat. The first thing I am going to do is buy chips and juice and just have them out," Quinn said, laughing. "And I am going to sleep without earplugs."



Aging in place priority for seniors

Alaska Commission on Aging estimates that 90 percent of all seniors want to age in place.

The *Senior Housing Accessibility Modification Program* makes it possible for seniors to remain and be comfortable in their home.

The program provided \$375,000 for upgrades to 21 households in FY18.



Housing the Homeless



One stop shop for homeless info debuts

To assist nonprofit organizations and supportive housing providers AHFC opened a Statewide Housing Homeless Office in FY18. Its role is to serve as a single point of contact regarding funding, technical and counseling assistance, data collection, best practice sharing, and to connect those who are homeless with referrals to AHFC's community partners when needed.

The Statewide Homeless Housing Office is open to all Alaskans and is supported by multiple AHFC staff with Jennifer Smerud as primary coordinator. For more info: <https://www.ahfc.us/homelessness>.

Bridge funding for moments of extreme need

More than 12,000 Alaskans experiencing homelessness or being threatened by homelessness relied on the *Basic Homeless Assistance* program in FY18.

AHFC awarded more than \$6 million to 25 organizations in 14 communities.

Funding provides operating assistance for emergency shelters and transitional housing programs; permanent housing placement and prevention services, including rent and utility assistance.

Awards are determined through a competitive application process with applications evaluated based on program priorities, utilization, performance and community need.



Support for homeless through non-profits

The *Grant Match* program works with non-profit homeless service providers statewide for the purpose of assisting homeless persons in getting access to permanent housing. To be able to receive federal funding the service providers need a minimum of 25 percent in matching funds from AHFC.

The corporation issued \$1.3 million in grants meeting the requirements for the Department of Housing and Urban Development's *Continuum of Care Program* leveraging \$2.8 million benefiting 13 non-profit agencies.

Project reveals scope of homelessness



The Alaska edition of *Project Homeless Connect* started 10 years ago in Anchorage with Fairbanks, Juneau, Mat-Su, Sitka and Soldotna following suit. AHFC staff participated at all locations in FY18. The event happens every fourth Wednesday in January and **connects Alaskans who are homeless with medical and dental checkups, provides access to housing applications, haircuts, warm clothing, a hot lunch, picture and voter registration among other services.**

Project Homeless Connect also serves as the Point-in-Time count of the homeless population. Statistics are sent to U.S. Department of Housing and Urban Development that aggregates data nationwide into a report to Congress. **The statewide count for FY18 identified 2,018 Alaskans as homeless, including 132 veterans and 193 families with 339 youth younger than 18.**



Grants keep emergency shelters' doors open



The *Emergency Solutions Grant* program supported hundreds of Alaskans experiencing homelessness or at-risk of homelessness in FY18. AHFC awarded \$235,392 through the program to five agencies assisting in emergency shelter operations, rapid re-housing and prevention.

Extra funding for supportive housing

The *Greater Opportunities for Affordable Living* program issued a new competitive funding round in FY18. It's dedicated to creating affordable housing assistance with supportive services for people experiencing homelessness, as well as people with disabilities. The round was made possible by pooling resources together from various programs and aims for construction of a minimum of two properties in two different communities. Awards are expected in FY19.

Energy & Research



Smart technology fuels Mat-Su energy savings



Mat-Su Valley school district continues to invest in energy efficient measures. **At the end of the fiscal year the district had installed AHFC's building monitoring system in 47 buildings totaling 2,893,883 sq. ft. of monitored space.**

Cook Inlet Housing Authority and North Pacific Rim Housing Authority also started to use the technology in FY18.

The system uses computer software to track data about the building, including occupancy,

temperature, electrical and fuel use; and it captures information from multiple outside sources such as weather stations, building automation systems and databases.

Sensors relay up-to-the-minute information allowing maintenance teams to ensure proper operation, shutdown during unoccupied periods, troubleshoot operational difficulties; and it aids in design consideration of renovation or new building appliances.

The system was initially funded with federal money and uses open source software that is available at no cost at <https://code.ahfc.us/energy/bmon>.

Last minute decision saves Chris energy



The Home Energy Rebate program closed its waitlist March 25, 2016 but the program is still paying participants who signed up before the deadline.

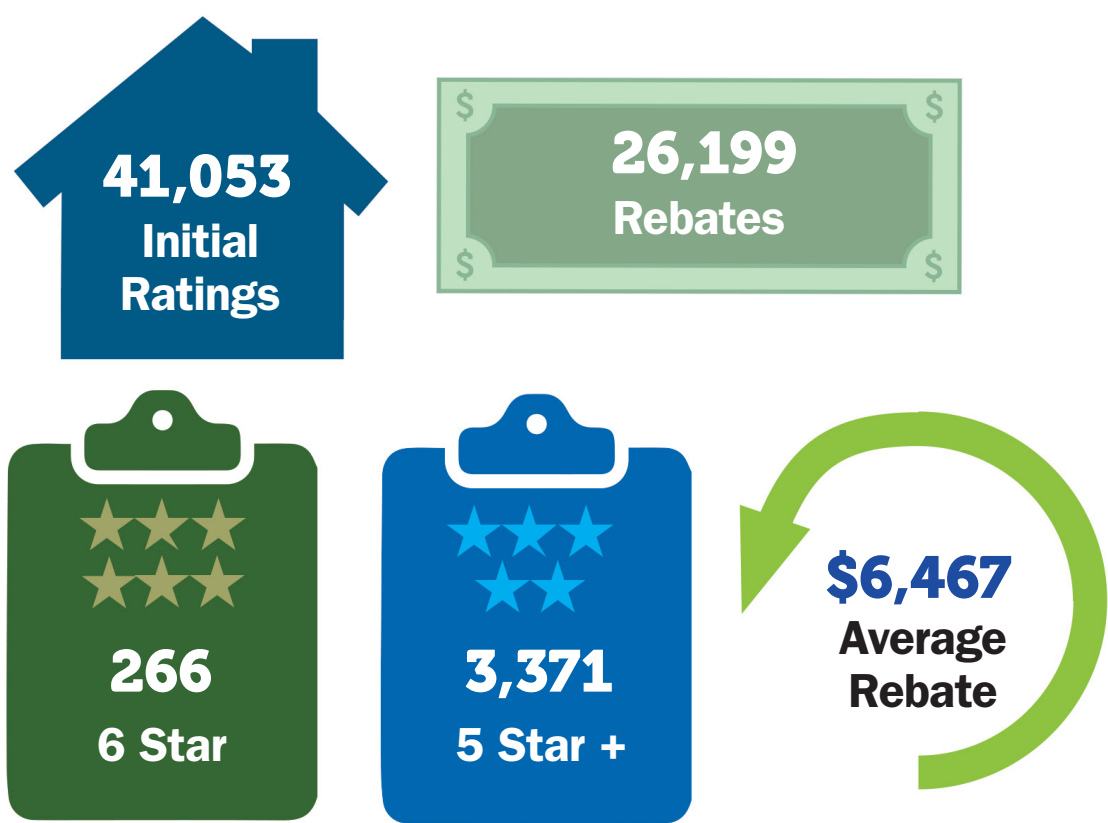
Christopher Carr and his family in Fairbanks were among the last applicants. Chris went to work on his house, built in 1969, and finished the energy efficiency upgrades in FY18.

With added insulation under the whole home, two new bathroom fans, windows replaced and the entire kitchen sheetrocked the home went from 2-Star-Plus to 4-Star.

"Making your home more energy efficient seems like a no-brainer to me. Even the smallest changes have given us something in return."

Home Energy Rebate program summary

The *Home Energy Rebate* program was capitalized by \$242.6 million in state funds, and in the budget passed in spring 2018 by the legislature, \$10 million was recaptured and redirected to Alaska Department of Transportation.



Home Energy Rebate 2008/2018

Makeover gives Teresa a safer and healthier home



The State of Alaska has invested in the income-based Weatherization program. Since 2008 the Legislature has made more than \$355 million available for energy efficiency in residential homes of low-income Alaskans. **AHFC's partners weatherized 444 homes in 28 communities (of which 22 were in rural areas during FY18). The total of weatherized homes stands at 20,213 with an average of 30 percent energy efficiency savings achieved in each.**

Teresa Trinidad's home in Rampart was weatherized by Interior Regional Housing Authority in FY18.

The work included air sealing the whole house, weather stripping both exterior doors, replacing the wood stove, installing bath fan and vent to exterior, smoke alarms, carbon monoxide detector and fire extinguisher.

"It made a big difference in a little amount of time. Now we don't have to worry about freezing and we're using less wood. Before we had to go to the wood yard every couple of days. Weatherization really helps people who can't afford improvements like this," says Teresa.

BEFORE...



AFTER.



How Funds are Spent



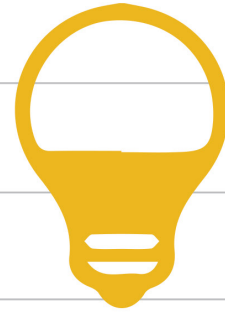
Access
Roads



Electrical
Distribution



Water &
Sewer



Energy Efficiency
Features

Grants for energy efficiency and infrastructure

The *Supplemental Housing Development Grant* plays an important role for providing safe, more energy efficient and affordable housing in urban and rural Alaska. It can only be used by regional housing authorities and for projects approved by Department of Housing and Urban Development. The funding from AHFC is limited to 20 percent of Department of Housing and Urban Development's total development cost per project and has to be used for energy efficiency features, on-site water and sewer systems, access roads and electrical distribution.

Nearly \$3.5 million were distributed in FY18 to 13 regional housing authorities supporting construction of 115 new units and rehabilitation of 139 units

The photos below show a new construction duplex in Beaver in the Yukon-Koyukuk region (population 84 in 2010 Census) finished in FY18 but funded in FY16.



Fairbanks and Anchorage top Builder of the Year



Energy efficient housing construction is noticed with the Builder of the Year award by AHFC aimed at **builders and developers for innovation and excellence**. In FY18 three awardees were honored:

Developer of the Year: Ravens' Roost Cohousing, Anchorage, for creating a housing complex filled with energy-efficient investments in a neighborhood that offers residents a lifestyle experience with sustainability in mind. The development has 35 individual homes with a shared living space, workshop and garden. Each home meets 6 Star BEES, Alaska's highest energy performance standard and is solar ready.

Multi-Family Builder of the Year: Petersen Group, Anchorage, for construction of Ravens' Roost.

Single-Family Builder of the Year: TS Construction, Fairbanks, for building a 6 Star 2,674 sq. ft. home with a 932-sq. ft. attached garage in North Pole. The home has a geothermal system that reduces the home's electricity use by moving existing heat to where it is needed instead of relying on the power grid to heat the home.

Assessment: overcrowding and lack of senior housing

Alaska Housing released its 2018 Housing Assessment that is based on available housing data.

Findings are used to prioritize Alaska Housing's work based on the corporation's mission of promoting access to safe, quality and affordable housing.

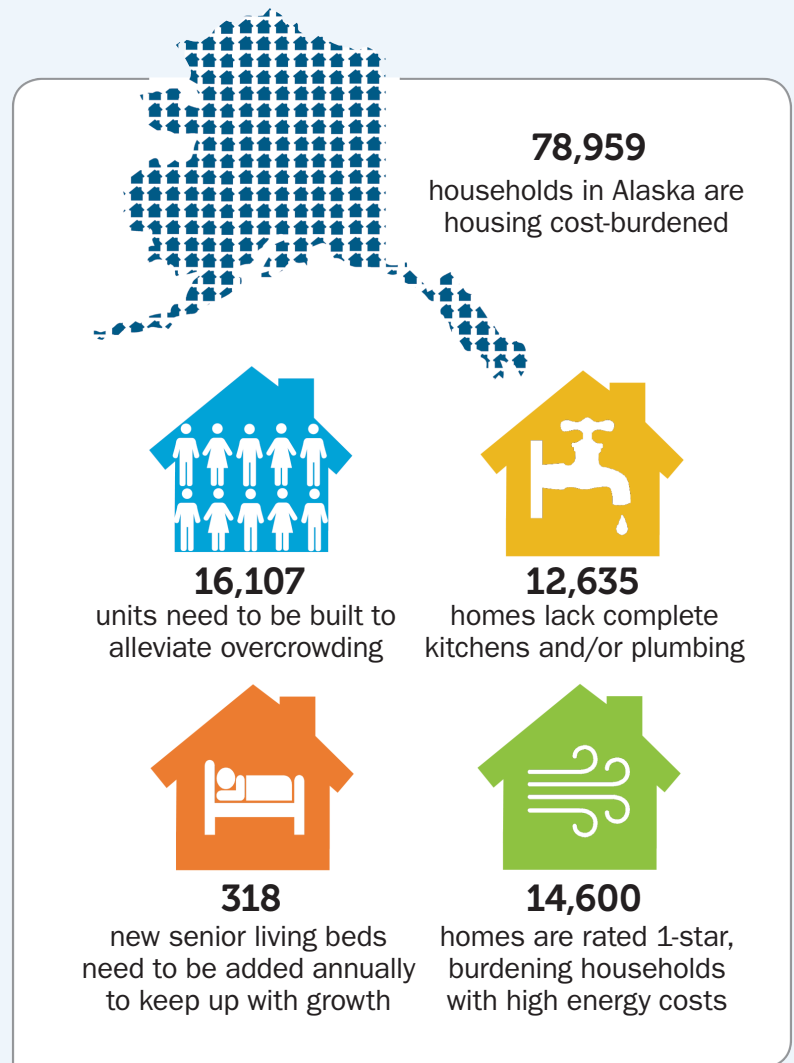
Highlights:

- Of 251,678 occupied homes, more than **12,000 lack complete kitchens and/or plumbing**.
- As Alaskans age, demand for senior facility beds increases. **Demand is expected to double in the next 12 years.** To keep up, 318 beds must be added annually.
- As Alaska's population ages and in some cases, shifts, **construction in some communities is insufficient to maintain pace.**

A housing assessment was last conducted for AHFC in 2014. Challenges identified then and updated:

- Homes in Alaska are **overcrowded at more than twice the national average, and more than half of households in some rural communities are overcrowded.** Sixteen thousand homes would need to be built to alleviate overcrowding.
- More than 5,000 homes in Alaska have benefited since 2014 from the investment the State of Alaska made in Alaska Housing's Home Energy Rebate and Weatherization programs – yet **14,600 homes are still identified as "inefficient" or rated with 1-star** on AHFC's 1—6 star scale.

The 2018 Housing Assessment, including analysis by regional and census areas, was completed by Cold Climate Housing Research Center (CCHRC) and is available online <https://bit.ly/2G38iRT>



Energy sets record student participation levels

The *Power Pledge Challenge*, now in its fifth year, set a new participant record in FY18 with 3,600 students from 131 classrooms in 27 middle and elementary schools. **The Challenge is a friendly competition where AHFC and partners encourage students to make smart energy choices and to prepare them as energy literate citizens.**

During the Challenge students complete a hands-on activity from the *AK EnergySmart* curriculum and conduct an online home energy audit with their families and identify specific actions for using energy more efficiently.

Congratulations to Johanna Tennant's sixth period science class at Palmer Junior Middle School, winner of the 2017 statewide Power Pledge Challenge!



Energy efficiency loan update

The Energy Efficiency Revolving Loan was created in 2010 by the Alaska legislature when it passed Senate Bill 220. The bill allows AHFC to go to Wall Street and bond for up to \$250 million providing financing for permanent energy efficient building improvements owned by regional educational attendance areas, University of Alaska, the state, or municipalities. Savings from improvements are used to repay the loan. No activity was reported during FY18.

The Bottom Line



Operating income soars to \$33.6 million

AHFC posted operating income of \$33.6 million in FY18, compared to \$14.3 million in FY17. As of June 30, 2018, AHFC's total net position was \$1.54 billion. During FY18, the corporation's mortgage loan portfolio increased 7.4 percent to \$3.1 billion, while its bond portfolio increased to \$2.2 billion or 8.9 percent.

Wall Street awards AHFC with top-notch rating

AHFC's performance continues to impress Wall Street's rating agencies which **places the corporation ahead of other housing finance agencies**. In May of 2018, S&P Global Ratings reaffirmed the Corporation's AA+ issuer rating, citing the following:

"Very high levels of equity and very low delinquency levels compared to other rated Housing Finance Agencies; improvement in net income for the past five consecutive years through June 30, 2017; prudent debt management policies; an experienced, proactive, and innovative management team; and the dividend plan passed by the state legislature in 2003 that limits the transfers of net income from AHFC to the state."

Banner bond year for AHFC

During FY18 AHFC issued \$463.4 million of long-term debt. The amount of bonds issued was one of the highest in recent years as the corporation was able to **take advantage of economic conditions to refund higher cost debt, reduce debt service payments and continue to fund its lending programs.**

During FY18 Alaska Housing Finance Corporation achieved an \$11.8 million savings from debt refunding. For more information on AHFC's financials for FY18 visit <https://www.ahfc.us/pros/investors/financials-history>

Bonds Issued in Fiscal Year 2018

Bond Program	Issue Date	S&P	Moody's	Tax Status	Amount
State Capital Project Bonds II, 2017 Series A	9/6/2017	AA+	Aa2	Exempt	\$143,955,000
State Capital Project Bonds II, 2017 Series B	12/7/2017	AA+	Aa2	Taxable	\$150,000,000
State Capital Project Bonds II, 2017 Series C	12/21/2017	AA+	Aa2	Exempt	\$43,855,000
State Capital Project Bonds II, 2018 Series A	5/22/2018	AA+	Aa2	Taxable	\$90,000,000
State Capital Project Bonds II, 2018 Series B	5/22/2018	AA+	Aa2	Exempt	\$35,570,000
Total					\$463,380,000





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